



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

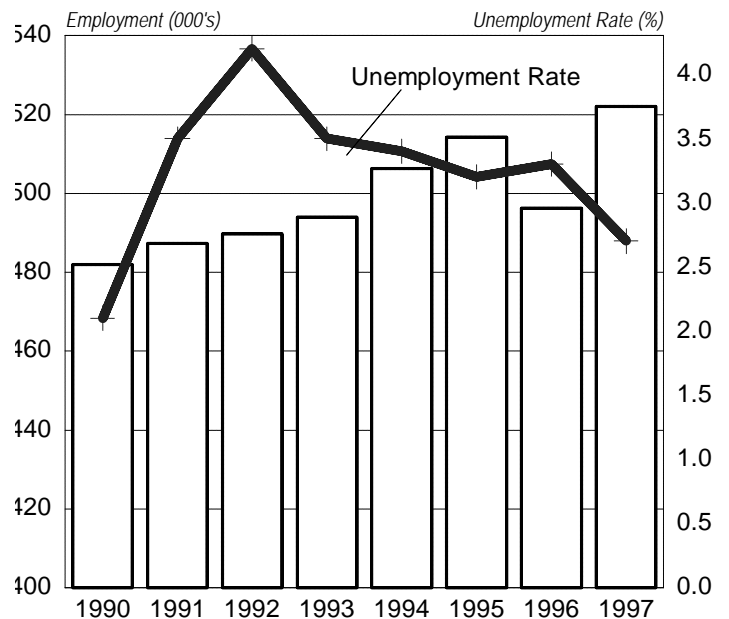
Publication 65

AUGUST 1997

◆◆◆ AUGUST HIGHLIGHTS ◆◆◆

- ❑ Despite the fact that the County's unemployment rate rose for the second consecutive month, June's 2.7 percent rate is considerably below the 3.3 percent of June 1996.
- ❑ The County's sales tax receipts in August fell short of the prior year by 4.0 percent. Many other Northern Virginia localities also experienced declines for the first month of the fiscal year.
- ❑ Issues of residential building permits through July by the County trail that of last year by a significant 39.0 percent margin. By contrast, two months of strong performance in the nonresidential component have resulted in a lead of 37.0 percent.
- ❑ The Fairfax County Economic Development Authority reported that the County's office vacancy rate fell to 6.2 percent by year-end 1996, indicating a tight market.
- ❑ Home sale data for the first half of the year indicate a further weakening in the new home segment. By contrast, sales of existing homes are outpacing the volumes achieved in 1996.
- ❑ County and Metropolitan economies performed well in June, according to the respective Coincident Indices. The Virginia Coincident Index remained flat in June.
- ❑ County Leading Index advanced in June, while the Metropolitan Leading Index held steady and the Virginia Leading Index lost ground.

RESIDENTIAL EMPLOYMENT - JUNE



Source: Virginia Employment Commission
Compiled by the Fairfax County Office of Management and Budget

Area job growth continues...

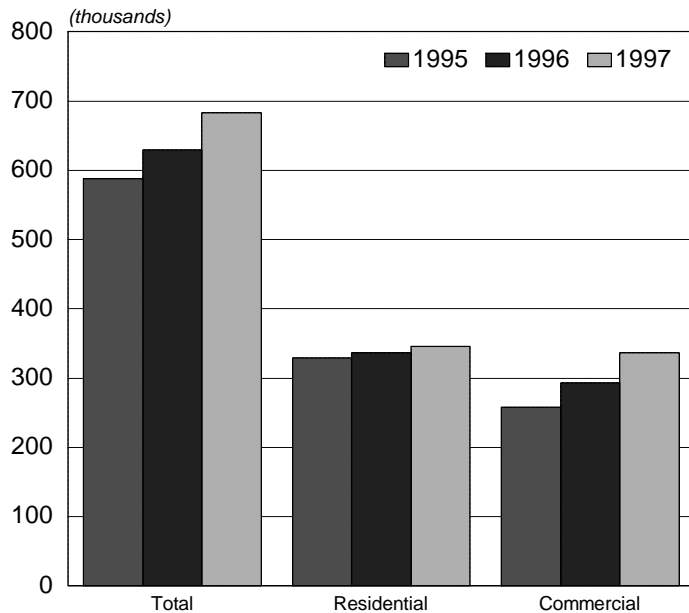
In June, the County's unemployment rate increased for the second consecutive month. The 2.7 percent rate registered in June, however, is significantly below the 3.3 percent posted in June 1996. According to the Virginia Employment Commission (VEC) 522,021 Fairfax County residents were employed in June, up 5.2 percent, or 25,760 jobs, over the prior year.

Unemployment rates on State and national levels edge up in June...

The Commonwealth's unemployment rate also increased in June, topping the prior month by 0.5 percentage points. The 4.7 percent registered in June is, however, consistent with that of June 1996. According to the Bureau of Labor Statistics, the national unemployment rate increased 0.2 percentage points to 5.0 percent in June.



BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - JULY



Source: Bell Atlantic
Compiled by the Fairfax County Office of Management and Budget

Business community continues to fuel growth in the number of new telephone lines...

Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 682,555 telephone lines as of July 31, up 8.4 percent, or 53,108 lines, over July 1996. Consistent with past trends, the business sector is responsible for the majority of this growth, adding 43,278 lines, or more than 80.0 percent of the increase, since July 1996. In July, 336,507 business telephone lines were registered in Fairfax County, up 14.8 percent over last year. Residential telephone lines totaled 346,048 in July, up 2.9 percent, or 9,830 lines, over the prior year.

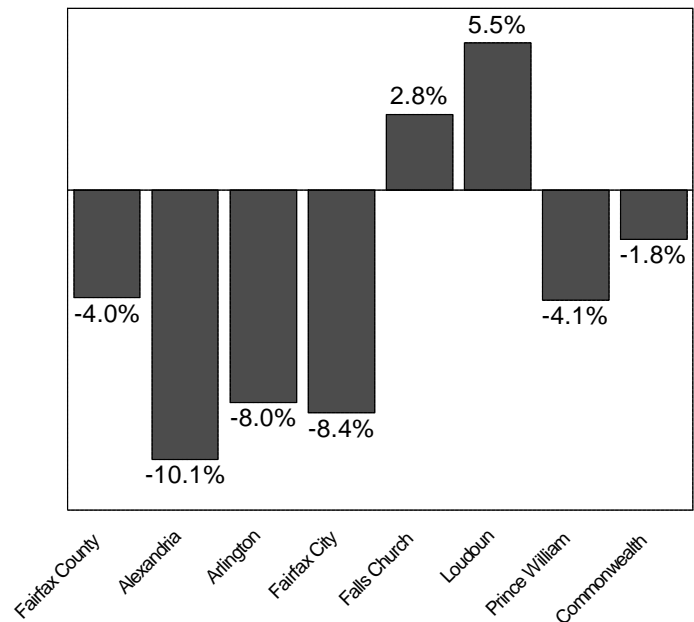


County Sales Tax Receipts dip in August...

Fairfax County's August sales tax receipts, representing retail purchases made in June, total \$8.7 million and trail the prior year by 4.0 percent.



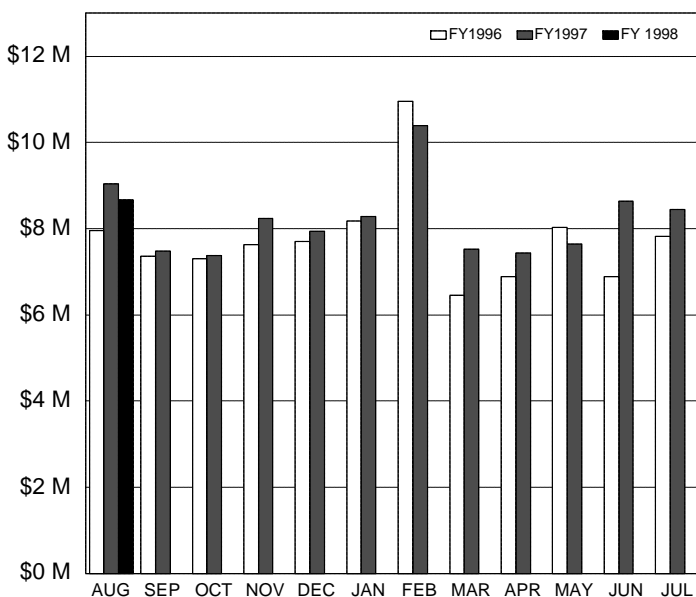
FY 1998 SALES TAX RECEIPTS - AUGUST



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

Retail performance in June was mixed throughout Northern Virginia...

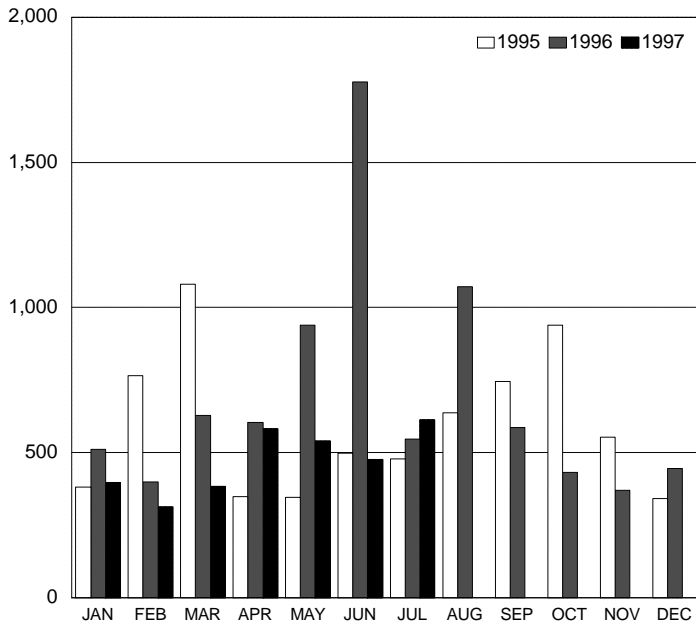
Retail performance throughout Northern Virginia was mixed in June, as indicated by August sales tax receipts. Alexandria, for example, experienced a 10.1 percent decline while Loudoun posted a 5.5 percent gain. Declines were also posted in Arlington, down 8.0 percent; Fairfax City, down 8.4 percent; and Prince William, down 4.1 percent. Falls Church, which topped August 1996 by a 2.8 percent margin, was one of only two Northern Virginia jurisdictions to register an increase. Sales tax receipts in the Commonwealth fell short of the prior year by 1.8 percent in August.

On the national level, growth in durable goods sales tops that of nondurable goods sales...

According to the Commerce Department, retail sales on the national level in June topped the prior year by 3.7 percent. Nondurable goods sales posted a 2.9 percent advance while durable goods sales topped the prior year by 4.8 percent.

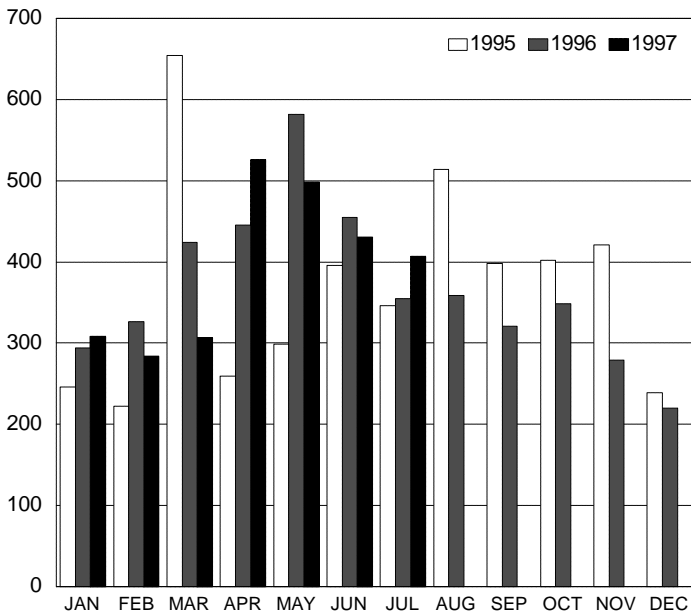
BUILDING PERMITS IN FAIRFAX COUNTY

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



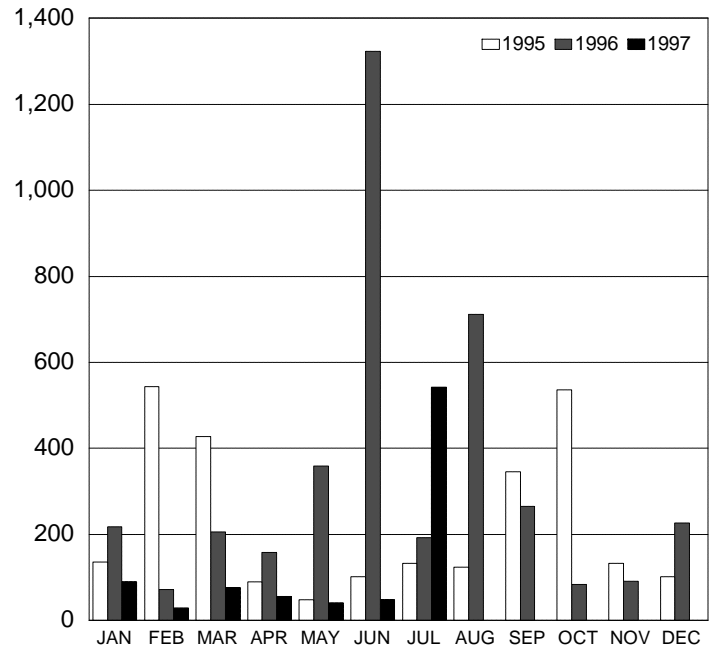
Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

Strong performance in the number of residential dwelling permits issued in July narrows cumulative gap relative to 1996...

Despite an 11.9 percent increase in the number of new residential dwelling permits issued in July, the 3,301 permits issued to date trail that of last year by 39.0 percent, or 2,106 permits. This deficit is due primarily to the multifamily component. Permits issued for multifamily structures, for example, total 541 through July, 78.6 percent, or 1,985 fewer permits than last year. Additionally, 2,760 permits have been issued through July for single family structures, down 4.2 percent, or 121 permits, from 1996. Residential repair and alteration permit issues slipped slightly in July. To date, however, 8,788 residential repair and alteration permits have been issued, up 2.2 percent, or 191 permits.

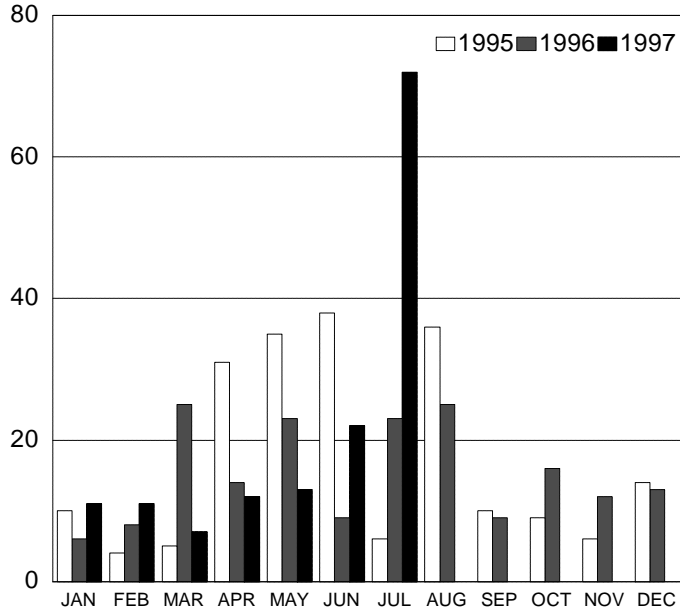
Through July, national housing starts are down...

New privately owned housing starts are down 3.1 percent nationwide for the first seven months of the year, according to the Commerce Department. As has been the pattern for the past several months, only the Northeast is experiencing growth relative 1996. To date, declines of 8.2 percent, 4.5 percent, and 1.6 percent have been established in the Midwest, the West, and the South, respectively. By contrast, housing starts in the Northeast are outpacing the prior year by a 5.9 percent margin.

Issues of residential building permits are down nationwide through July...

The Commerce Department also reported that the number of residential building permits issued nationwide through July trail that of 1996 by 1.6 percent. On a regional basis, issues of residential building permits are up 8.3 percent in the Northeast and a meager 1.1 percent in the South, while the Midwest and West have registered declines of 9.6 percent and 2.7 percent, respectively.

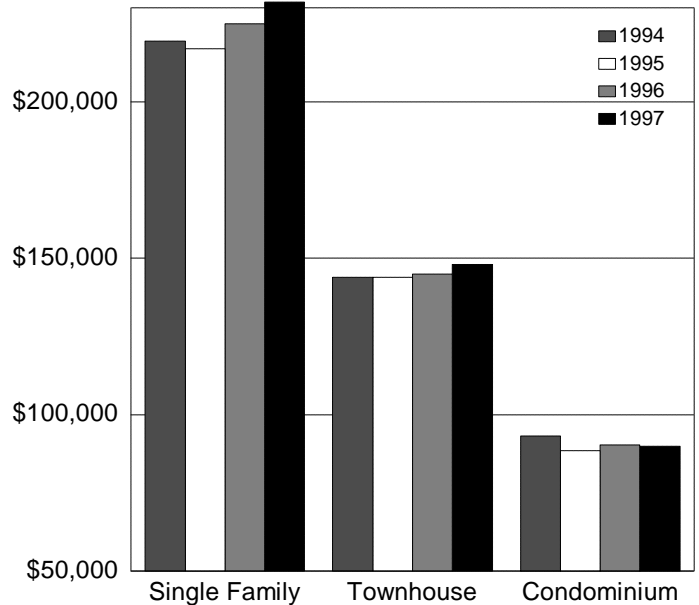
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - JUNE 1997 COMPARED TO ANNUAL MEDIAN PRICES 1994 - 1996



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Issues of nonresidential permits surge again in July...

For the second consecutive month, a significant increase in the number of nonresidential building permits issued was registered in July. As a result, issues through July top that of last year by 37.0 percent, or 40 permits. To date, 148 nonresidential building permits have been issued. By contrast, issues of nonresidential repair and alteration permits lost ground again in July. Through July, 2,290 nonresidential repair and alteration permits have been issued, down 1.4 percent, or 32 permits.

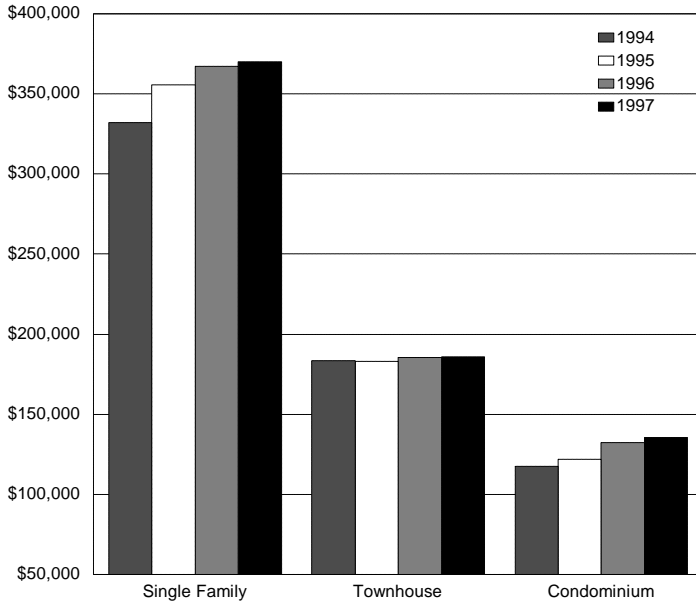
According to the Fairfax County Economic Development Authority, the office vacancy rate in the County dipped to 6.2 percent by year-end 1996. This is the lowest rate since 1983. Since the demand for office space is nearly outstripping the County's supply, there is renewed interest in office development.

Median sales prices up for existing single family homes and townhomes...

Based on sales data for the first half of the year, the median selling prices of existing townhomes and single family homes in the County have increased, while that of existing condominiums has declined slightly. More specifically, the median selling price of existing single family homes through June is \$232,000, up 3.1 percent from 1996's \$225,000. Similarly, a median selling price of \$147,950 has been established for existing townhomes through June, up 2.0 percent over the \$145,000 established in 1996. By contrast, existing condominium sales through June indicate a slight 0.3 percent decline in the median selling price to \$89,997 from \$90,243 in 1996.

Please note that staff verifies that each real estate transaction is an arms-length sale. In doing so, these data may be revised in the coming months.

MEDIAN PRICE OF NEW HOMES SOLD JANUARY - JUNE 1997 COMPARED TO ANNUAL MEDIAN PRICES 1994 - 1996



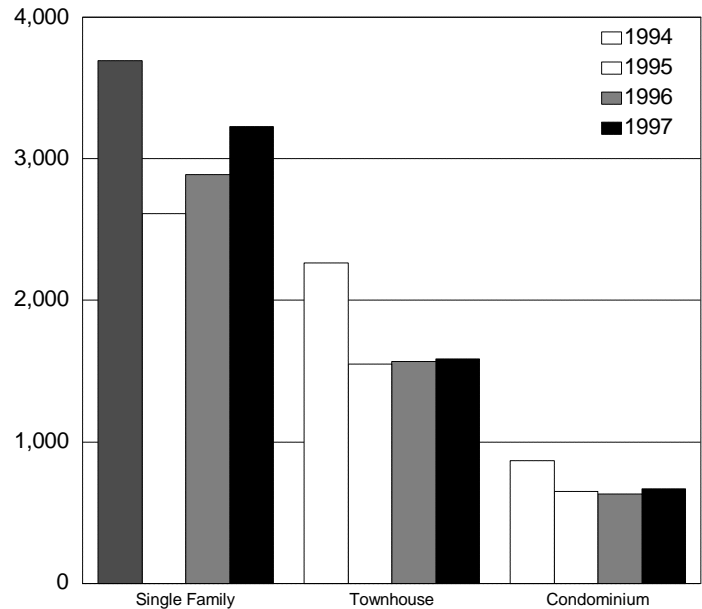
Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

New homes selling for higher prices...

Sales data through June indicate increases in the median selling prices of new homes in the County.

For the first half of the year, new condominiums have sold for a median price of \$135,520, an increase of 2.5 percent over the \$132,185 registered in 1996. On a smaller, but still positive scale, the median selling price of new single family homes inched up 0.8 percent to \$370,000 from 1996's annual median selling price of \$367,225. Similarly, new townhomes have sold for a median price of \$185,771 thus far in 1997, up a meager 0.2 percent from the \$185,400 established in 1996.

NUMBER OF EXISTING HOMES SOLD JANUARY - JUNE 1994 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD JANUARY - JUNE 1997 COMPARED TO 1996 ANNUAL

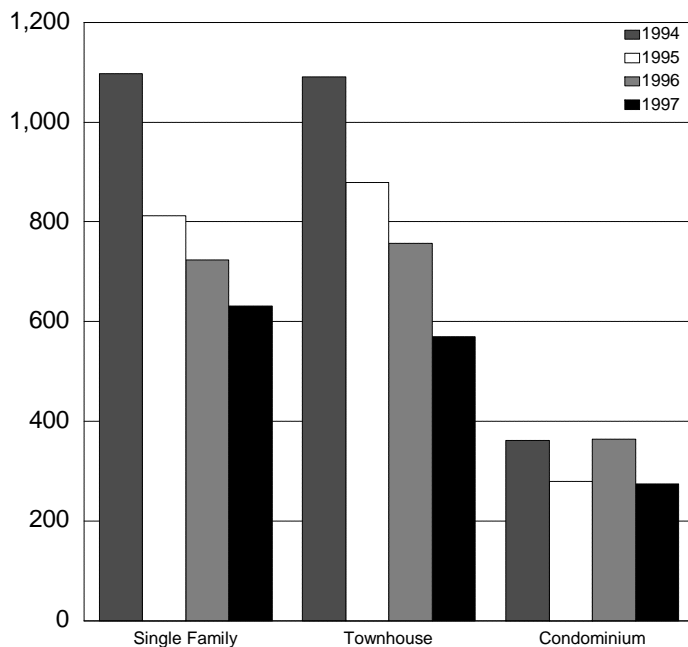
	Existing Sales	New Sales
Single Family	3.1	0.8
Townhouse	2.0	0.2
Condominium	-0.3	2.5

Source: Department of Tax Administration
Compiled by the Office of Management and Budget

Existing home sales through June outpace volume of last year...

Sales volume of existing homes in June significantly outpaced that of one year ago, thereby contributing to the year-to-date leads established in the prior months. Through June, 3,225 existing single family homes were sold, up 11.8 percent, or 339 homes, over the level registered in 1996. Additionally, 666 existing condominiums sold through June, reflecting a lead of 5.4 percent, or 34 homes, over last year. Sales of existing townhomes total 1,584 units through June, and are up a slight 1.1 percent, or 17 units, over the same period in 1996.

NUMBER OF NEW HOMES SOLD JANUARY - JUNE 1994 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

The volume of new home sales continues to weaken...

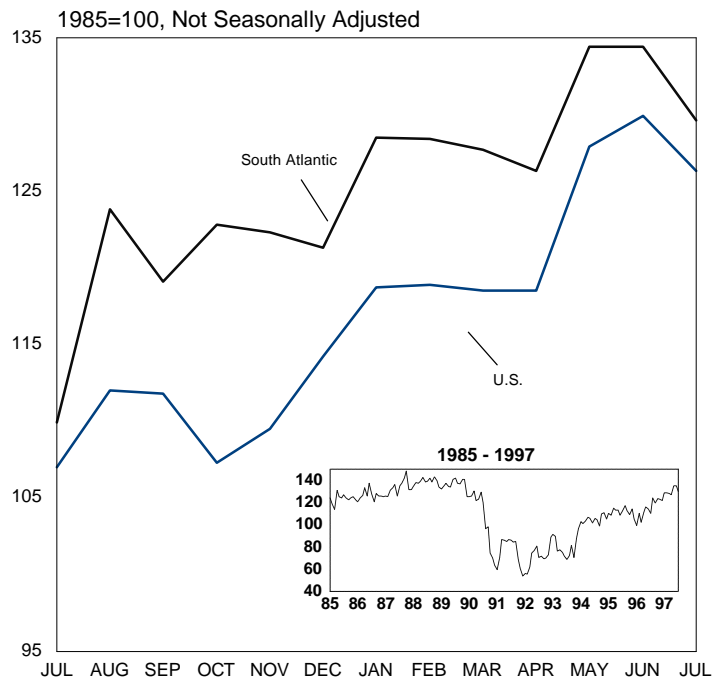
Sales of new homes weakened yet again in June, thereby widening the cumulative deficits relative to last year. New condominiums and townhome sales have fallen the most to date. Through June, 274 new condominiums have been sold, down 24.7 percent, or 90 units, from the same period in 1996. Similarly, sales of new townhome total 569 through June and are down 24.8 percent, or 188 units, from 1996. To date, 631 new single family homes have been sold, down a more moderate 12.9 percent, or 93 homes, from last year.

Sales of new homes up nationwide through June...

According to the Commerce Department, sales of new homes nationwide through June lead the same period in 1996 by 8.1 percent, with the most significant increases being registered in the Northeast. More specifically, new home sales are up 50.0 percent in the Northeast, 8.5 percent in the South, and 1.4 percent in the Midwest. Sales of new homes through June are flat in the West.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



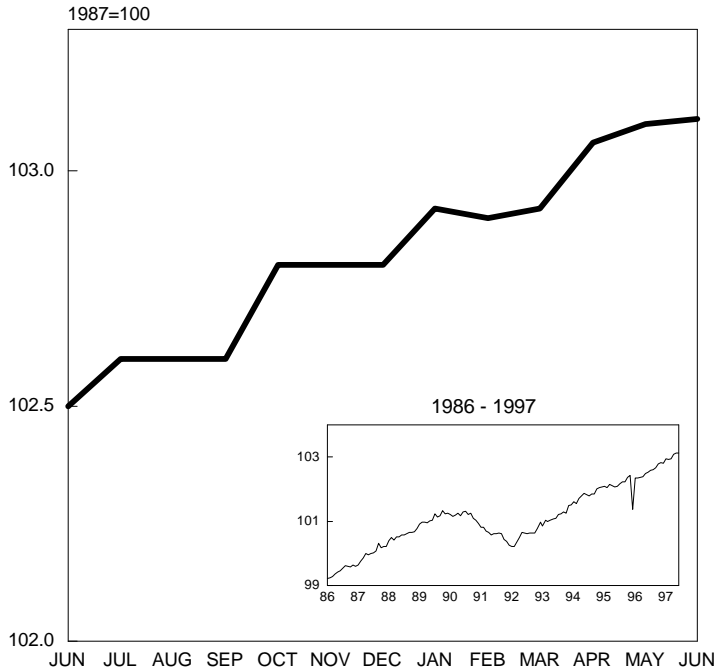
Source: Conference Board
Compiled by the Fairfax County Office of Management and Budget

Consumer confidence falters in July...

The Conference Board's South Atlantic Consumer Confidence Index lost ground in July, declining 4.8 points to 129.6. Similarly, 3.6 points were shaved off the national Consumer Confidence Index in July. The national Consumer Confidence Index was 126.3.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



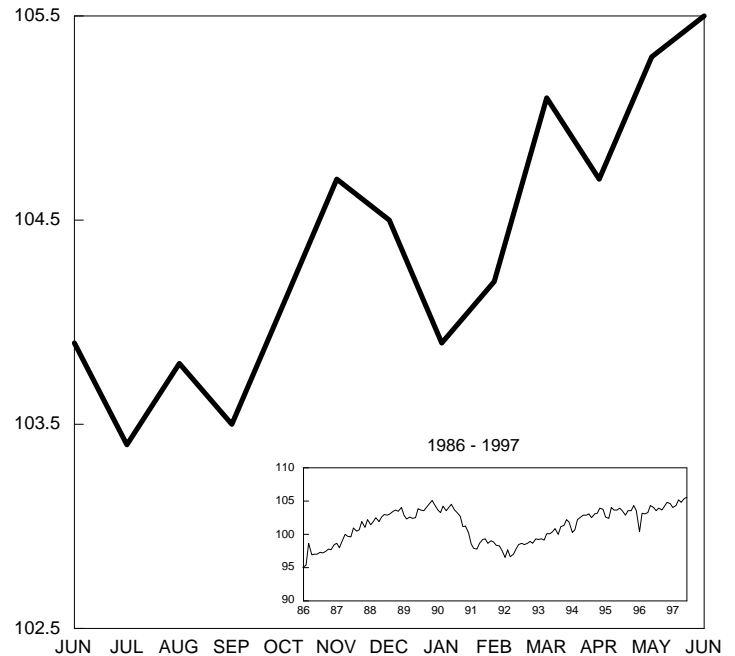
Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

County economy performs well in June...

The County's Coincident Index, which reflects the current state of the County's economy, increased a slight 0.01 points to 103.11 in June. This is the Index's fourth consecutive gain. In June, two of the Index's four components were positive. Transient Occupancy Tax collections rebounded after last month's decline and consumer confidence in the South Atlantic region, which now stands at its highest post-recession level, posted its fourth consecutive advance. On the negative side, total employment, adjusted for seasonal variation, decreased slightly, following eight consecutive monthly gains and, Sales Tax receipts posted a second consecutive decline.



METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

Metropolitan Coincident Index advances in June...

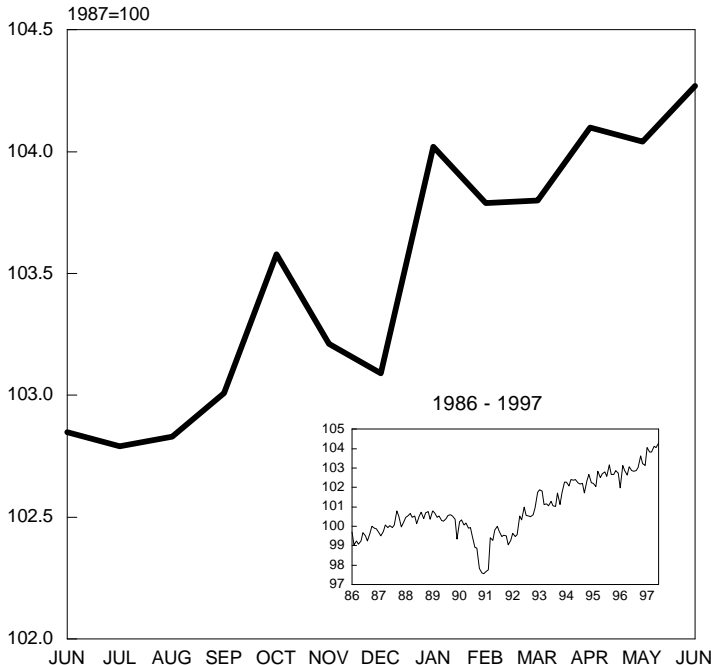
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, advanced 0.2 points in May to 105.5. Only two of the Index's four components were positive, however. More specifically, wage and salary employment registered its fifth straight advance, while consumer confidence posted its fourth consecutive gain. By contrast, nondurable goods retail sales fell in June, thereby extending the erratic pattern exhibited since December 1996, and domestic airport passenger volume at National Airport dipped.

Virginia Coincident Index holds steady in June...

Crestar Bank's Virginia Coincident Index increased 0.1 points to 159.5 in June, thereby extending the Index's recent trend of being relatively flat.

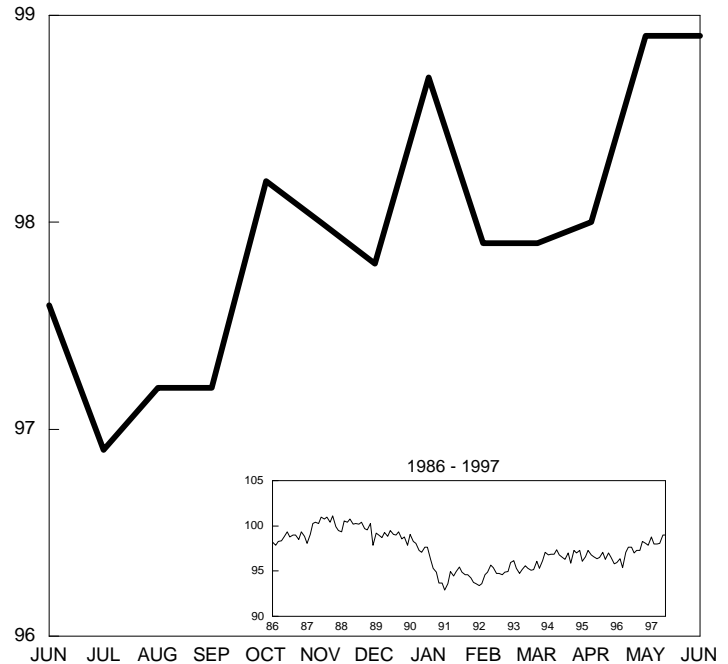


FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

METROPOLITAN LEADING INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

County Leading Index advances in June...

The Fairfax County Leading Index, which is designed to signal what economic conditions will be like in nine to 12 months, rose 0.23 points in June, increasing to 104.27. Three of the Index's five components were positive in June. New automobile registrations increased sharply in June; initial claims for unemployment insurance declined (improved) for the second consecutive month; and, the mean value of residential building permits also increased for the second consecutive month. By contrast, South Atlantic consumer expectations (consumer confidence six months hence) dipped slightly following a significant gain in May and, the number of residential building permits issued dropped for the second consecutive month.

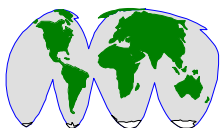


Metropolitan Leading Index holds steady in June...

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area nine to 12 months in advance, remained flat in June at 98.9, after posting a 0.9 point gain in May. Only two of the Index's five components contributed to its advance in June. Initial unemployment claims improved for the fourth consecutive month in June and the Help Wanted Index registered another gain. However, consumer expectations (consumer confidence six months hence) dipped slightly in June following a sharp gain in May; and both durable goods retail sales and residential building permit issues declined after posting advances in May.

Virginia Leading Index loses ground in June...

The Virginia Leading Index, produced by Crestar Bank, declined 1.8 points to 193.3 in June. Despite the decline, the Index continues to signal growth, according to Russell Deemer, Economist with Crestar Bank.



Fairfax County Economic Indicators are now on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/econind.htm>

If the web versions are sufficient for your needs, please contact Marijke Hannam at (703) 324-4518 to be taken off the monthly mailing list.

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